# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:3216
ANSWERED ON:22.03.2002
VALUE ADDED TAX
ANANDRAO ADSUL

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Confederation of Indian Industry hasidentified the treatment, of existing sales-tax incentives, inter-State trade, treatment of additional excise duty, set-off mechanism, documents and procedures, tax on imports as key areas for smooth transition to value added tax;

(b) If so, whether the above suggestions made to the Finance Minister and the Empowered Committee of StateFinance Ministers on VAT; and

(c) If so, the response of the Government on the suggestions of CII?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a),(b) &(c): Yes, Sir. Certain suggestions in this regard have been made to the Empowered Committee of State Finance Ministers on sales-tax reforms. The States have decided to replace the existing sales tax system with a value added tax (VAT) system from 1st April, 2003. Suggestions of various associations of industry and trade in this regard constitute important inputs in the process of decision-making of the above mentioned Empowered Committee as well as the CentralGovernment in connection with transition to the VAT system.